

# **THE JACOBS REPORT**

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## **SENATE PASSES JOBS PLAN**

### **Governor Expects House to Follow Suit**

Governor Jennifer M. Granholm today applauded the State Senate for passing her 21st Century Jobs for Michigan Fund. The Fund will allow the state and private sector to invest up to \$2 billion in Michigan's economy to create thousands of new, high-paying jobs.

"This is a significant day for Michigan's future," Granholm said. "Today, the State Senate has given bipartisan approval to our plan for investing up to \$2 billion to create tens of thousands of good high-paying jobs – jobs that will keep our kids in Michigan and help us diversify our economy."

Granholm called on Republican leaders in the House of Representatives to approve the plan.

"Michigan's future needs high-growth industries, such as advanced manufacturing, the life sciences, and alternative energy development to compete in a global economy," Granholm said. "Michigan families need the House of Representatives to do the right thing by passing the jobs plan quickly."

The Governor also said that with securitization and the Jobs for Michigan Fund nearing final passage, state lawmakers need to pass the rest of the economic plan before them. That includes:

- restructuring business taxes in Michigan by providing a job-creating tax cut for business taxpayers, new tax credits for manufacturers and R&D companies, and a rate cut for small businesses;
- completing the Jobs Today Initiative, providing new tools that will facilitate the upgrading of schools, downtowns, and nursing homes;
- making college accessible to all by guaranteeing every Michigan student the opportunity to attend college. Every child who graduates from high school and completes two years of college, community college, or apprenticeship training will be guaranteed a \$4,000 scholarship.

"Education is the key to Michigan's future as well as the nation's," Granholm said. "Now that we are a step closer to creating the types of knowledge-based jobs that can't be outsourced, we need to ensure that Michigan citizens have the education and training needed to fill those jobs."

## **SENATE DEMS CRACK DOWN ON CROOKED CONTRACTORS**

### **Seek Protection for Consumers, Stiffer Penalties for Violators**

State Senators Ray Basham (D-Taylor), Burton Leland (D-Detroit), Hansen Clarke (D-Detroit) Martha G.

Scott (D-Detroit), and Gilda Jacobs (D-Huntington Woods) announced a package of bills to address the problem of building contractors who take advantage of consumers. The legislation, Senate Bills 826, 827, and 828, protect consumers from disreputable contractors by increasing penalties for illegal activity, providing tools and incentives to go after bad actors, and minimizing the opportunities for abuse.

“Most agree that problems within the building contracting industry are largely related to unlicensed contractors. Their ‘businesses’ often consist of little more than a business card,” said Sen. Basham. “Their work is frequently shoddy, if it is done at all. This bill package cracks down on these fly-by-night operations by increasing fines and penalties for any unlicensed contractors that don’t live up to their end of the deal.”

The bills would require courts to make information available to consumers when violations by contractors occur; give additional powers to law enforcement to bring charges against offenders; and drastically increase the fines and penalties for unscrupulous contractors.

“Every year, unsuspecting Michigan residents have their home attacked by unscrupulous contractors looking to take advantage of citizens who wish to do nothing more than make their home a better place to live,” said Sen. Leland. “We do not hesitate to regulate predatory corporate activity, and individual contractors should be no different.”

The legislative package is the result of several months’ work by the Senate Bipartisan Bad Contractors Work Group and makes revisions to the Occupational Code, the Revised Judicature Act, and the State License Fee Act. Members of the work group included Senator Ray Basham, Senator Mike Bishop, Senator Nancy Cassis, Senator Irma Clark-Coleman, Senator Hansen Clarke, Senator Gilda Jacobs, Senator Burton Leland, Senator Dennis Olshove, Senator Alan Sanborn, Senator Martha Scott and Senator Mickey Switalski.

“This legislation simply says if you’re not willing to play by the rules, there is a price to pay,” said Sen. Clarke. “Hopefully it will make someone think twice before attempting to rip-off vulnerable homeowners.”

“For too long, honest people have been lured into a carefully crafted trap of deception by contractors who promise to do home improvements, but never get the job done,” said Sen. Scott. “It’s time to get tough with dishonest contractors and put an end to their predatory schemes.”

“Home building and remodeling is a difficult process, and even with the best of workers the experience can become a nightmare. That’s why we’re proposing legislation that will make records of past bad performance of contractors accessible to the public,” Sen. Gilda Z. Jacobs (D-Huntington Woods). “This legislation will provide consumers access to the information they need to make sound hiring decisions.”

### Highlights of Senate Bills 826, 827, 828

- 1) Increase the penalty for the first offense for doing business as an unlicensed contractor to at least a misdemeanor with 93 days of jail time.
- 2). Increase the fines for doing business as an unlicensed contractor (\$2,000 for the first offense and \$5,000 for a second or subsequent offense.)
- 3). Allow the Department, Attorney General, or Prosecuting Attorney to bring a civil suit against an unlicensed builder and provide for fines of \$5,000 to \$50,000.

- 4). Allow for forfeiture and seizure of property for unlicensed contractors.
- 5). Require courts to report licensing convictions and judgments to DLEG.
- 6). Require all qualifying officers to also be individually licensed as a contractor.
- 7). Connect judgments, fines, and license suspensions, revocations or denials against a corporate entity to the qualifying officer.
- 8). Require restitution in judgments (administrative, criminal or civil).
- 9). Require a default judgment with prejudice against licensee if the licensee doesn't participate in final order hearing.
- 10). Prohibit an unlicensed contractor from putting a lien on a home.
- 11). Apply the licensing provisions for contractors in Section 2411 to unlicensed contractors.
- 12). Gives a person cause of action in court if they suffer damages by an unlicensed contractor.
- 13). Require that DLEG receive complaints on unlicensed builders.
- 14). Allow DLEG mediation services to be available for all disputes whether involving licensed or unlicensed activity.
- 15). Increase the license fee from the current \$80 for a two-year license to \$180 for a three-year license and increase the examination fee from the current \$50 to \$100.
- 16). Change the licensing schedule to every three years to coincide with building code updates.
- 17). Require a photo copy of the license be included in all contracts.

## **DEMS UNVEIL HIGH HEATING BILLS PROTECTIONS**

Amid projections that heating costs will skyrocket this winter, Senate and House Democrats announced an emergency energy plan to help families cope. Key components of the package include banning utilities from shutting off heat to homes during winter months, providing payment assistance through emergency funds and offering incentives to help families make their homes more energy efficient.

The legislation will:

- Ban utility companies from shutting off heat service during winter;
- Provide additional funding for energy assistance funds;
- Give the Michigan Public Service Commission the power to shift \$5 million from research into a fund to help people pay heating bills;
- Set up a database to coordinate volunteers willing to help with winterization efforts; and
- Give residents a tax break if they winterize their homes.

The MPSC announced this week that natural gas heating bills this coming winter will jump 46 percent or \$59 a month on average. The average winter bill in 2005-06 is projected to be close to \$200, the MPSC said in its report released Tuesday.

The legislation bans utility companies from shutting off service between Dec. 1, 2005, and March 15, 2006, to households earning 200 percent above the poverty level, or approximately \$40,000 for a family of four.

It will also put more money into the Low-Income Home Energy Assistance Program (LIHEAP); expand LIHEAP eligibility from 110 percent of the poverty level to 125 percent; and give recipients more money, from \$210 a year to \$250.

Under the legislation, people who winterize their homes and install energy-efficient appliances can get 50 percent of their expenses back in tax credits, up to \$2,500. The credit is available to households that make up to 300 percent of the poverty level, or approximately \$58,000 for a family of four.

Other bills in the package let tax filers donate to an energy fund; call for an energy summit to find long-term solutions to heating issues; and call for more federal funds to help with heating costs.

The MPSC's website can be found at: <http://www.michigan.gov/mpsc>

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All Michigan legislation can be tracked at <http://www.legislature.michigan.gov/>.

State Senator Gilda Jacobs represents the 14<sup>th</sup> Senate District, which includes Beverly Hills, Bingham Farms, Farmington, Farmington Hills, Ferndale, Franklin, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak Township, Southfield, and Southfield Township. She is the Minority Vice Chair of the Families & Human Services Committee and the Economic Development, Small Business & Regulatory Reform Committee. She also serves on the Government Operations and Health Policy Committees.

**Constituents of the 14<sup>th</sup> District may contact Senator Jacobs at [sengjacobs@senate.michigan.gov](mailto:sengjacobs@senate.michigan.gov) or toll-free at 1-888-937-4453.**

This newsletter is produced in single-space form in order to save paper and transmission costs.

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